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Report of UNDP on the recommendations of the Joint Inspection Unit in 2016

Summary

In 2016, the Joint Inspection Unit issued nine reports containing 68 recommendations (at the time of the present report). Of those, seven reports with 41 recommendations are directed at UNDP. They include 14 recommendations addressed to the Executive Board as the governing body of UNDP. In 2016, the Joint Inspection Unit issued 25 single-organization management letters on the review of the acceptance of the Unit's recommendations. Of those, one management letter is directed at UNDP.

In line with General Assembly resolution 59/267 of 23 December 2004, and as reiterated in resolution 62/246 of 3 April 2008, the present report provides a synopsis of management responses to the recommendations and draws attention to the recommendations directed to the legislative bodies of United Nations system organizations. The present report includes an update of the status of implementation of the recommendations contained in reports issued in 2015 and 2014. In accordance with the wishes of the Executive Board and with the emphasis of the United Nations system on simplification and harmonization, the present report was prepared in a format developed jointly with UNFPA.

Elements of a decision

The Executive Board may wish to take note of the present report, including the management responses to the 14 recommendations of the Joint Inspection Unit intended for consideration by the Executive Board (see annex II, available on the Executive Board website).

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I. Overview of Joint Inspection Unit reports issued in 2016

1. The present report provides a summary of UNDP management responses to 41 recommendations of the Joint Inspection Unit specifically relevant to UNDP (out of 68 recommendations contained in the reports issued by the Unit in 2016), as well as the implementation status of relevant recommendations issued in 2015 and 2014. It draws attention to recommendations made by the Unit in 2016 for consideration by the governing body of UNDP, and to the proposed management responses (see annex II, available on the Executive Board website). The present report provides a summary of the UNDP management response to the Joint Inspection Unit management letter on the review of the acceptance and implementation of the Unit's recommendations by UNDP. A full listing of reports and notes from the Joint Inspection Unit, and details of its recommendations — including background information about the mandate and work of the Unit — are available at https://www.unjiu.org/en/reports-notes/Pages/Reports-and-Notes.aspx.

2. Seven reports issued in 2016 (at the time of the present report) contain 41 recommendations that are of direct relevance to UNDP. They are: (a) succession planning in the United Nations system organizations (JIU/REP/2016/2); (b) fraud prevention, detection and response in United Nations system organizations (JIU/REP/2016/4); (c) evaluation of the contribution of the United Nations development system to strengthening national capacities for statistical analysis and data collection to support the achievement of the Millennium Development Goals (MDGs) and other internationally agreed goals (JIU/REP/2016/5); (d) meta-evaluation and synthesis of United Nations development assistance framework evaluations, with a particular focus on poverty eradication (JIU/REP/2016/6); (e) comprehensive review of United Nations system support for small island developing states: final findings (JIU/REP/2016/7); (f) state of the internal audit function in the United Nations system (JIU/REP/2016/8); (g) safety and security in the United Nations system (JIU/REP/2016/9); and (h) review of the acceptance and implementation of Joint Inspection Unit recommendations by the United Nations Development Programme (UNDP) (JIU/NI/2016/10).

II. Synopsis and review of relevant Joint Inspection Unit reports and recommendations in 2016

3. The management responses to the relevant recommendations in the reports are provided below. Annex I contains a statistical summary of reports issued by the Joint Inspection Unit in 2016, and annex II contains proposed management responses to recommendations directed to the Executive Board as the governing body of UNDP (both annexes I and II are available on the Executive Board website).

A. Succession planning in the United Nations system organizations (JIU/REP/2016/2)

4. The report of the Joint Inspection Unit entitled "Succession planning in the United Nations system organizations" provides a consolidated system-wide review of succession planning in the United Nations system organizations. UNDP welcomes the report, whose objectives are to: (a) follow up and assess progress made in developing a framework for a succession planning strategy and implementing relevant policies; (b) identify succession planning challenges and propose solutions; (c) identify and disseminate best good practices; and (d) propose benchmarks for succession planning.

5. The report proposes five succession planning benchmarks based on leading practices in the private and public sectors through which United Nations system organizations:

(a) institute formal succession planning with due regard to the organizations' needs, taking into consideration its mission, its mandate and the nature of its work;

(b) adopt a holistic approach, integrating its formal succession planning and management into its overall human resources management activities;

(c) establish, by the best means at its disposal, its current critical roles and positions, as well as the competencies required for those key roles and positions, and plans for their future revision/identification with more sophisticated means, requesting appropriate funding;

(d) review, by the best means at its disposal, its current talent to identify staff members who have the potential to be considered for and take over key roles and positions immediately or shortly after some additional preparation; and

(e) communicate in a transparent way the staff development and career path requirements for staff members to be considered as potential candidates for succession to critical roles and positions; the organization provides staff members, identified as potential talent, with learning and development opportunities that will allow them to fulfil the responsibilities of those roles and positions.

6. The report's four recommendations issued are all of relevance to UNDP. Recommendations 2, 3, and 4 are directed to the Administrator and recommendation 1 is directed to the Executive Board for consideration.

7. With respect to *recommendation 2*, in 2016, UNDP developed several framework documents addressing succession planning strategies, with more planned in 2017 for review and approval by the Executive Board. These framework documents are on recruitment and selection, learning and development, performance management, and on mobility and reassignments. The framework documents on selection, training, performance and placement of UNDP staff together help to address succession planning, with a more integrated approach where staff performance highlights skills-gaps which in turn motivates learning and development, hence triggering career growth and succession. Additionally, UNDP has ensured that the organization's policies remain in line with other organizations in the United Nations common system. UNDP accepts recommendation 2 and highlights that its implementation is in progress.

8. With respect to *recommendation 3*, UNDP is already implementing the report's five benchmarks in its succession planning:

Benchmark 1: Formal succession planning has been in place for leadership career track positions both at headquarters and in the field. Predicated reassignments, based on staff coming to the end of their tours of duty and those separating, are monitored routinely. Annual demand forecasts are used to plan for succession ahead of time by UNDP central and regional bureaux. The process is formal and routine and in the last several years has involved senior management in oversight and execution.

Benchmark 2: Succession planning is achieved holistically, as it is impacted by staff motivation, achievement of results, staff development as well as through recognition of performance. In effect, succession at UNDP is embedded within the larger organizational human resources management.

Benchmark 3: Similar to other organizations in the United Nations common system, UNDP has a dedicated team overseeing job evaluation and reclassification. UNDP jobs are changing to adapt to evolving organizational needs both in terms of scope, accountabilities and positioning with the global

organization. UNDP has updated its competency framework and has updated the job descriptions of most of the international career posts to reflect updated competencies.

Benchmark 4: The organization reviews staff performance on an ongoing basis and has put in place objective and collective feedback into how talent is identified. UNDP employs a number ways to assess staff both in terms of their potential and performance. Bureaux acknowledge strong and emerging talent by nominating staff to key learning initiatives and corporate assessments and stretch assignments.

Benchmark 5: Staff development and career path requirements are decentralized to line managers and supervisors, including matrixed ones, to provide direct and honest feedback to staff on development needs and career options. The process is monitored corporately to ensure transparency and consistency so that all supervisors have completed annual performance discussions and reviewed developmental plans for their staff.

9. UNDP has participated with other United Nations system organizations in the groupings of the Human Resources Network, the International Civil Service Commission and the Chief Executives Board in discussing succession challenges and opportunities. UNDP has completed questionnaires and surveys, and has provided historical data on succession. UNDP is pleased to continue to play an active and participatory role in such fora. UNDP reporting tools, such as scorecards and dashboards, track selection and succession data so that UNDP can report on effectiveness to its governing bodies.

10. Concerning *recommendation 4*, UNDP supports the corporate nature of succession planning and is keen to present the best practices which it has adopted and to learn from the experiences of other United Nations organizations. UNDP looks forward to succession planning discussions within the Human Resources Network. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it is in progress.

B. Fraud prevention, detection and response in United Nations system organizations (JIU/REP/2016/4)

11. The report of the Joint Inspection Unit entitled "Fraud prevention, detection and response in United Nations system organizations" examines fraud prevention, detection and response in the United Nations system at the conceptual and operational levels, and advocates the adoption of a fraud management framework that seeks to provide guidance on ways of dealing with fraud. The report builds on the significant work done by the oversight bodies of the United Nations system in recent years, particularly by the Board of Auditors (BOA), the Independent Audit Advisory Committee (IAAC), the Office of Internal Oversight Services (OIOS) of the United Nations, and other internal and external audit bodies.

12. Fifteen of the sixteen recommendations issued are of relevance to UNDP. Recommendations 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 are directed to the Administrator and recommendation 16 is directed to the Executive Board for consideration.

13. With respect to *recommendation 2*, UNDP updated its anti-fraud policy in October 2015 to include leading practices in the public and private sectors. The updated policy was approved and endorsed by the UNDP Executive Group chaired by the Administrator. The policy has also been shared with the Executive Board for information, and is made available to UNDP partners, vendors, staff and the general public, in line with UNDP transparency standards (UNDP policy against fraud and other corrupt practices, known generically as the UNDP anti-fraud policy). The policy will

continue to be reviewed and updated periodically. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

14. With respect to *recommendation 3*, UNDP has designated a custodian of the anti-fraud policy. The Office of Financial Resources Management, Bureau for Management Services, through the Chief Finance Officer, has the overall corporate responsibility for the implementation of the anti-fraud policy, including its periodic review.

15. In line with best practices, where everybody has a responsibility to prevent fraud, the UNDP approach to fraud prevention does not assign a single entity with sole responsibility for implementation. Rather, each unit plays a role consistent with its functional responsibilities in working to implement the anti-fraud policy, including maintaining an adequate control environment and preventing, detecting and reporting on fraud. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it has been implemented.

16. With respect to *recommendation 4*, UNDP has a number of mandatory online trainings covering fraud: prevention of harassment and abuse of authority; ethics training; and UNDP legal framework. In 2016, the ethics course was refreshed. Steadily increasing numbers of individuals seeking advice and guidance from the Ethics Office and an increase in reporting concerns to the Office of Audit and Investigations (OAI), year after year, demonstrate the impact of the trainings in raising awareness.

17. Additionally, the Office of Audit and Investigations provides regular briefings and reports on lessons learned from investigations to regional bureaux, country offices and other business units. These briefings and reports are designed to provide valuable information about the risks facing UNDP, how those risks are changing, measures that can be put in place to minimize them in the future, and anti-fraud training to UNDP managers and other staff members when requested to do so by the relevant business unit. The UNDP fraud risk management framework action plan (see below) envisages additional training on fraud risks to be designed and rolled out in 2017. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

18. With respect to *recommendation 5*, UNDP has an integrated enterprise risk management policy, within which fraud risk assessment is an integral part. Units are expected to identify and highlight potential risks (both external and internal) in its planning processes. Risk owners are responsible to ensure that risks – including fraud – are identified and assessed and that a strategy is developed to mitigate them. Project management risks are further identified through risk logs and updated regularly in case of any changes when project monitoring visits are carried out.

19. On an annual basis, as part of the planning framework, UNDP offices identify risks that are consolidated at the corporate level and monitored during the year by the relevant bureaux and the Risk Management Committee, chaired by the UNDP Associate Administrator. In addition, the new anti-fraud policy envisages specialized fraud risk assessments to supplement the enterprise risk management risk assessment when designing programmes where the specific risks of fraud are considered high, a new practice which will take time to establish.

20. As of 2014, the Office for Audit and Investigations (OAI) has developed a proactive investigations model to attempt to establish the level of potential fraud risk in each country office in order to identify high-risk offices. In 2014, OAI conducted two proactive investigations, one of which was based on this model. OAI adopts a risk-based approach to its annual audit workplan. The OAI country office audit risk assessment model includes both quantitative and qualitative risk factors. Most of the

quantitative risk factors are extracted by OAI from corporate systems such as the enterprise risk management system (Atlas). The quantitative factors are determined on the basis of input from the regional bureaux and country office management in the respective regions. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

21. With respect to *recommendation 6*, UNDP employs a three-pronged approach with respect to anti-fraud policy. First, UNDP has a systematic application of an integrated enterprise risk management policy, where units are expected to identify and highlight potential risks (both external and internal) in the organization's planning processes. Risk owners are responsible to ensure that risks – including fraud – are identified and assessed and that a strategy is developed to mitigate them. This includes the risk of fraud.

22. Second, at the corporate level, measures to strengthen fiduciary risk management, including the risk of fraud, have been decided by the Operations Performance Group. To strengthen the UNDP approach to manage these risks UNDP, in May 2016, undertook a review of its corporate fraud risks and developed a proportionate fraud risk management framework action plan to address them. In line with corporate responsibilities, these fraud and risk mitigation strategies are being implemented under the direction of the Director, Bureau for Management Services, over the next two years, with regular reporting back to the Operations Performance Group. The risk management framework action plan contains the following high-level areas through which fraud risks will be managed: leadership, people and capacity, monitoring and oversight, operating environment and clustering operations.

23. Third, the UNDP anti-fraud policy specifically addresses the risk of fraud by implementing partners. In addition, UNDP has formulated clauses, for inclusion within new project documents, that strengthen the requirements for implementing partners to prevent fraud, to investigate or enable UNDP investigations of credible allegations of fraud, and to facilitate the return of funds provided by UNDP found to have been misused. These new clauses will be rolled out in new projects formulated in 2017.

24. As a result of these initiatives, and increasing fraud awareness, UNDP expects an increase in the number of fraud allegations reported in the short term. This number should reduce in the medium-to-long-term as the fraud risk management strategies take effect, recognizing that UNDP operates in high-risk environments. Bearing this in mind, UNDP accepts recommendation 6 and highlights that it has been implemented.

25. With respect to *recommendation 7*, the UNDP internal control framework is reviewed periodically. The next strategic review in 2017 will strengthen specific controls, including segregation of functions, the need for internal checks and approvals, physical controls, and regular monitoring and reporting controls, which help to prevent fraud. Customizations have been made to UNDP enterprise resource planning system to map internal control framework requirements and use approval controls within the system. Additionally, UNDP uses dashboards to monitor and highlight exceptions. Bearing this in mind, UNDP accepts recommendation 7 and highlights that it has been implemented.

26. With respect to *recommendation 8*, UNDP financial statements and annual reports to the legislative/governing bodies certify that "UNDP has implemented a sound system of internal controls to ensure that effective risk management is integrated into normal business processes". UNDP is presently formulating a system of attestation for its internal units, to be implemented in 2017, which provides a foundation for considering the establishment a formal statement of internal control. A certification of the fraud measures in place will be considered for inclusion within

the attestation process. Bearing this in mind, UNDP accepts recommendation 8 and highlights that it is in progress.

27. With respect to *recommendation 9*, UNDP contracts and agreements with vendors already include provisions relating to anti-fraud and the obligation to cooperate with audits and investigations (award and management of contracts). The UNDP new anti-fraud policy was expanded to cover implementing partners. In addition and as stated above, UNDP has also formulated clauses, for inclusion within new project documents, that strengthen the requirements for implementing partners to prevent fraud, to investigate or enable UNDP investigations of credible allegations of fraud, and to facilitate the return of funds provided by UNDP found to have been misused. These new clauses will be rolled out in new projects formulated in 2017. Bearing this in mind, UNDP accepts recommendation 9 and highlights that it has been implemented.

28. With respect to *recommendation 10*, UNDP has implemented customizations to its corporate enterprise resource planning system to map the internal control framework into the system and to incorporate additional fraud prevention measures related to vendor data and payments. Additionally, UNDP uses dashboards and exception reports from the system to monitor and highlight exceptions. Further use of artificial intelligence and forensic software is envisaged in 2017. Bearing this in mind, UNDP accepts recommendation 10 and highlights that it has been implemented.

29. With respect to *recommendation 11*, the UNDP policy for protection against retaliation protects individuals holding UNDP assignments/contracts (i.e., staff members, interns, UN-Volunteers and contractors) who have, in good faith, properly reported allegations of misconduct, or who have cooperated with a duly authorized audit or investigation. The UNDP new anti-fraud policy was expanded to also cover staff members, non-staff personnel, vendors (actual or potential), implementing partners and responsible parties. Bearing this in mind, UNDP accepts recommendation 11 and highlights that it has been implemented.

30. With respect to *recommendation 12*, UNDP has an established central intake mechanism for reporting fraud allegations, which follows good practices. The OAI Hotline for Reporting Fraud and Other Wrongdoing, managed by an independent service provider on behalf of UNDP called 'The Network', is the main mechanism/channel for reporting fraud. Allegations of fraud may be submitted online, or via phone, mail, or email (reporting fraud, abuse and misconduct). The hotline is managed by an external party to strengthen confidentiality, a leading practice. Initial allegations are then screened by the Office for Audit and Investigations prior to being recorded in the system as complaints. This screening aims to ensure that only reports appearing to contain allegations of wrongdoing by UNDP personnel, or against UNDP funds and projects, are recorded. All recorded complaints are then subjected to a desk-based, preliminary assessment to confirm whether:

- the issue falls within OAI remit;
- the issue could have, on the face of it, occurred;
- there is enough information to pursue an investigation; and
- an investigation is the best course of action.

The complaint is acknowledged and the complainant is advised both during the course of the investigation and when the case is closed. Other entities are also advised depending on the subject of allegations and parties concerned. Bearing this

in mind, UNDP accepts recommendation 12 and highlights that it has been implemented.

31. With respect to *recommendation 13*, the Office for Audit and Investigations produces a quarterly report to the Audit and Evaluation Advisory Committee with statistical information on the types of cases received. Specifically, the committee has in its terms of reference a mandate to review and advise on the quality and assurance improvement programme, including internal and external assessments for the Office for Audit and Investigations.

32. The Office for Audit and Investigations conducts statistical analysis on the types of complaints received and substantiated in order to identity trends and other information relevant to its policies and programmes. The UNDP Administrator, in consultation with the Audit and Evaluation Advisory Committee, annually reviews OAI resource requirements. In 2016, the office concluded an internal review the timeliness of the investigative process, and updated its process and benchmarks. Bearing this in mind, UNDP accepts recommendation 13 and highlights that it has been implemented.

33. With respect to *recommendation 14*, where an investigation identifies credible allegations that a crime may have been committed, the established protocol is that the UNDP Legal Office refers the case to the Office of Legal Affairs of the United Nations Secretariat for potential referral to national authorities for investigation. Bearing this in mind, UNDP accepts recommendation 14 and highlights that it has been implemented.

34. With respect to *recommendation 15*, UNDP produces several fraud related reports:

(a) a quarterly report to the Audit and Evaluation Advisory Committee containing statistical and performance information on the types of cases receive;

(b) an annual report to the Executive Board entitled "UNDP: Report on internal audit and investigations" (the report for 2015 is available at this link). This report includes statistical information regarding the OAI investigative caseload and summaries of all cases of fraud and other misconduct that were substantiated during the year. It is publically available;

(c) an annual report on losses due to fraud and presumed fraud to the Board of Auditors, which publishes that report as an appendix to its financial report and audited financial statements for UNDP (the latest report is available at this link). This data is provided to the United Nations Board of Auditors by the UNDP Office for Audit and Investigations. The report is presented to the General Assembly and made available to the public.

35. The UNDP Administrator releases an annual report on disciplinary measures and other actions taken to respond to fraud, corruption and other wrongdoing, (the latest annual report is available at this link and is made available to the general public). In this report, the Administrator reiterates UNDP zero tolerance for unethical and corrupt practices. This report provides information on cases of disciplinary measures taken against staff members as well as former staff members and other personnel, such as contractors. The report further highlights actions that have been taken against substantiated allegations in order to sensitize staff to the consequences associated with such wrongdoings. In addition, UNDP publishes all internal audit reports, which are available to the public. Bearing this in mind, UNDP accepts recommendation 15 and highlights that it has been implemented.

C. Evaluation of the contribution of the United Nations development system to strengthening national capacities for

statistical analysis and data collection to support the achievement of the MDGs and other internationally agreed goals (JIU/REP/2016/5)

36. The report of the Joint Inspection Unit entitled "Evaluation of the contribution of the United Nations development system to strengthening national capacities for statistical analysis and data collection to support the achievement of the MDGs and other internationally agreed goals" is an independent system-wide evaluation of operational activities for development. The report examines the relevance, coherence and added value of the United Nations system as a whole in strengthening national capacities for statistical data collection, analysis and use. It provides a basis for helping to frame the dialogue on the continued role of the United Nations system in supporting countries and the changes that are needed to enhance its comparative value in a diverse and rapidly transforming world with multiple players all seeking to enhance development results.

37. All five recommendations are of relevance to UNDP. Recommendation 3 is directed to the Administrator and recommendations 1, 2, 4 and 5 are directed to the Executive Board for consideration.

38. With respect to *recommendation 3*, UNDP notes that a defining feature of the data revolution that the 2030 Agenda for Sustainable Development calls for is the complementary input that various stakeholders bring to improving overall national statistical capacity development. The large number of Sustainable Development Goal (SDG) indicators, each supported by a multitude of different stakeholders, will require greater efforts to coordinate efforts across broader data ecosystems, in order to minimize duplication of efforts, and to improve coherence. UNDP has already started implementing recommendation 3 in the following ways:

(a) UNDP is a member of the Inter-agency Expert Group on SDG indicators (IAEG-SDGs), which was formed in March 2015 by the United Nations Statistical Commission created to develop an indicator framework for the goals and targets of the 2030 Agenda. The IAEG-SDGs has affirmed the overall ownership and primary responsibility of Member States through their national statistical offices;

(b) For each indicator, the IAEG-SDGs has identified 'custodian' agencies, mandated with the responsibilities to help to ensure internationally comparability of country data, compute regional and global aggregates, and provide data in the global SDG indicator database. Specialized agencies with existing mandates in their domains are expected to assist with data collection from countries, develop internationally agreed standards and methodologies and support their adoption at the national level, and strengthen national statistical capacities and reporting mechanisms;

(c) UNDP has assumed lead responsibility for three indicators under SDG 16 (quality of public service, inclusive decision-making), two indicators under SDG 17 (effective development cooperation);

(d) Additionally, UNDP partners with other United Nations organizations to support specific indicators under SDG 1 (multi-dimensional poverty measure), SDG 5 (gender-based violence) as well as substantive contributions in many other areas through various inter-agency networks;

(e) UNDP is playing a lead role in strengthening national statistical capacity development and analytical reporting. Building on its experience in supporting the preparation of national MDG reports, UNDP is co-leading a United Nations Inter-agency Task Force with the United Nations Department for Economic and Social Affairs to develop guidelines for producing national SDG reports. These

reports will help to track national progress and provide analysis to support effective national implementation of the Goals. Furthermore, UNDP provides support for voluntary national reviews by programme countries at the High-level Political Forum.

(f) The SDG Fund is an example of inter-agency networking, with 21 joint programmes implemented by 14 United Nations organizations in 22 countries; all programmes are inter-agency by design and allow for cross-sectoral exchange of data and the fostering of end-to-end data value chains. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it is in progress.

D. Meta-evaluation and synthesis of United Nations development assistance framework evaluations, with a particular focus on poverty eradication (JIU/REP/2016/6)

39. The report of the Joint Inspection Unit entitled "Meta-evaluation and synthesis of United Nations development assistance framework evaluations, with a particular focus on poverty eradication" is an independent system-wide evaluation of operational activities for development of the United Nations development assistance frameworks (UNDAFs). It examines both the quality of Framework evaluations conducted in the period 2009-2014 and subsequently draws conclusions from those evaluations to provide an assessment of the contribution of the United Nations system to poverty reduction. The report provides an opportunity to identify and highlight, in a systematic manner, the challenges related to the evaluative process of Framework activities, in order to guide decision-making for the strengthening of the overall value of Framework evaluations, as a mechanism for United Nations system-wide accountability and learning at the country level.

40. One of the five recommendations issued are of relevance to UNDP. Recommendation 4 is directed to the Administrator.

41. UNDP generally supports this recommendation. Through its ongoing work on quality programming and strengthening the monitoring and evaluation function, UNDP is better equipped for increased harmonization of country-level evaluations. Efforts to increase overall synergy and reduce duplication of evaluation activities among United Nations organizations at the country level will be fostered by the new UNDAF guidance soon to be adopted by the United Nations Development Group. In this regard, the UNDAF guidance in monitoring for results companion paper establishes the Monitoring and Evaluation Technical Working Group/Data for Development Working Group that will further ensure consistency and efficiency in planning, conducting and using evaluations for accountability and learning.

42. The new UNDP evaluation policy, adopted by the Executive Board in its decision 2016/17, now guides the organization towards implementing new measures to strengthen the quality and utility of country-level decentralized evaluations, and encourages UNDP to collaborate with other United Nations organizations. To support implementation of the evaluation policy, UNDP has initiated a global project that aims to strengthen national evaluation capacities. This project is expected to complement efforts to coordinate evaluation activities, including in the UNDAF context, and ultimately to increase capacity to demonstrate the impact of the United Nations interventions on the ground. Through its commitment to strengthen its role in interagency undertakings, UNDP is also working to reduce the transactional burden of all partners and enhance general efficiency at the country level. The full implementation of this recommendation is contingent on a concerted effort by United Nations organizations to harmonize their evaluation activities, and to address differences in programming cycles, timelines and methodologies at the country level. Equally important is a joint effort by United Nations organizations to strengthen national evaluation capacities to ensure that credible evidence on joint results and impact

comes from external, independent sources. The UNDP global project on strengthening national evaluation capacities is a contribution to this effort.

E. Comprehensive review of United Nations system support for small island developing states: final findings (JIU/REP/2016/7)

43. The report of the Joint Inspection Unit entitled "Comprehensive review of United Nations system support for small island developing states: final findings" contains the final findings of the comprehensive review mandated by the General Assembly in its resolution 69/288. It addresses the scope of recommendations 1, 5 and 6 contained in the Joint Inspection Unit review entitled "Recommendations to the General Assembly of the United Nations for the determination of parameters for a comprehensive review of United Nations system support for small island developing states" (JIU/REP/2015/2) related to:

- system-wide coherence in United Nations system work in support of small island developing states to implement the Small Island Developing States Accelerated Modalities of Action (SAMOA) Pathway, taking into account its linkages with other global mandates;
- institutional set-up and coordination for monitoring and reporting on the implementation of the SAMOA Pathway;
- institutional and managerial mechanisms of coordination between the Department of Economic and Social Affairs and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

44. Eight of the nine recommendations are of relevance to UNDP. Recommendation 5 is directed to the Administrator and recommendations 1, 2, 3, 4, 6, 7 and 8 are directed to the Executive Board for consideration.

45. With respect to *recommendation 5*, UNDP is an active member on the Inter-Agency Task Force on Financing for Development. The issues concerning small island developing states (SIDS) development financing challenges is a priority for UNDP. UNDP has been proactive in raising awareness of the issues and working to expand the evidential base for a political conversation on 'fit for purpose' financing for SIDS. To achieve this, UNDP has sought to develop partnerships with other major stakeholders to address the issues of vulnerability and access to concessional finance, and to determine what existing, new and innovative financing options SIDS have in looking to finance their sustainable development. At the Third International Conference on Financing for Development held in Addis Ababa in 2015, UNDP and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States launched a global report entitled "Financing for development and small island developing states: a snap shot and ways forward". This was complemented by a Caribbean regional report. A Pacific regional report is under development and will be finalized in 2017. UNDP and the World Bank have supported the establishment of a technical working group to look at the metrics of vulnerability, which includes other stakeholders in the United Nations, the Commonwealth Secretariat, the Organisation for Economic Co-operation and Development and a number of international financial institutions. This technical level work complements the Inter-agency Task Force on Financing for Development follow-up work on the Addis Ababa Action Agenda. This technical working group is also complemented by other ongoing analytical work under the mandate of the quadrennial comprehensive policy review of operational activities for development of the United Nations system to develop multi-dimensional measures of poverty. In the medium to longer term, this is

expected to influence country classification and, therefore, eligibility to grants and concessional loans from various financing sources. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it is in progress.

F. State of the internal audit function in the United Nations system (JIU/REP/2016/8)

46. The report of the Joint Inspection Unit entitled "State of the internal audit function in the United Nations system" provides stakeholders with an update on the current status of the internal audit function in United Nations system organizations. The review addresses the roles, services and governance structures of internal audit functions, and considers the role of audit committees and coordination with external auditors where it touches the effective functioning of internal audit bodies. The review also explores the role of audit committees and coordination with external auditors to the extent they concern the effective functioning of internal audit bodies.

47. Four of the nine recommendations are of relevance to UNDP. Recommendations 2, 5 and 6 are directed to the Administrator and recommendation 9 is directed to the Executive Board for consideration.

48. With respect to *recommendation 2*, UNDP notes that the authority for hiring of staff is delegated from the Secretary-General to the Administrator of UNDP. The hiring of staff for heads of audit oversight bodies follows the accountability framework approved by the Executive Board, as well as other Executive Board decisions. The Audit and Evaluation Advisory Committee, the UNDP oversight committee, presents its advice to the Administrator on the appointment, performance evaluation and dismissal of the heads of internal oversight units. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

49. With respect to *recommendation 5*, UNDP notes that despite serious organizational funding constraints, UNDP resources allocated to the internal audit function were kept at a level that did not significantly impact the function's ability to achieve the desired internal audit coverage and provide audit assurance (see DP/2016/16). The UNDP internal audit function has started piloting data analytics, which will be fully rolled out in 2017. The Office for Audit and Investigations has also implemented the practice of remote auditing in exceptional circumstances where physical access to the duty station is hampered by security concerns. In order to reduce the duration of the audit fieldwork, the office has piloted front-loading of audit assignments where more extensive work is done at the planning phase. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

50. With respect to *recommendation 6*, UNDP notes that all UNDP oversight bodies, including internal audit services, prepare a workplan and a budget which is submitted to the Executive Board with other budget documents for approval. Allocation of resources is based on the approved integrated budget. The workplan and budget of the internal audit function are established on the basis of a comprehensive annual risk assessment of the internal audit universe. This annual risk assessment is independently conducted by the internal audit function and its results are independently reviewed by the Audit and Evaluation Advisory Committee. As mentioned earlier, the resources allocated to the internal audit function do uphold the ability of this function to achieve the desired internal audit coverage, including a sufficient coverage of high-risk areas, and to provide audit assurance. Bearing this in mind, UNDP accepts recommendation 6 and highlights that it has been implemented.

G. Safety and security in the United Nations system (JIU/REP/2016/9)

51. The report of the Joint Inspection Unit entitled "Safety and security in the United Nations system" is system-wide and focuses on the services that the Department of Safety and Security, as the primary coordinating actor of the United Nations security management system, needs to effectively provide to the United Nations system. The review addresses strategic system-wide issues and does not look into specific technical areas of safety and security.

52. All four recommendations are of relevance to UNDP. Recommendations 1, 2, 3 and 5 are directed to the Administrator.

53. With respect to *recommendation 1*, UNDP notes that this recommendation is already being carried out in part through recommendation 14 of the Report of the Panel on United Nations Peace Operation of 2000 (known as the 'Brahimi report') which was approved by the Inter-Agency Security Management Network and implemented by the United Nations Department of Safety and Security in 2011. After extensive consultations with resident coordinators and Member States, it was determined that a supplemental host government agreement was not welcomed by Member States and, therefore, this recommendation was deemed unsuitable by Inter-Agency Security Management Network. As a reasonable alternative, the network agreed to the examination of different means by which to strengthen relations with host country authorities that would encompass a more holistic approach, which include, among other measures, a number of enhancements to training, compliance with security policies and procedures, and enhanced communications with Member States. This work is ongoing and is part of the Security Risk Management System of the United Nations Security Management System. Bearing this in mind, UNDP accepts recommendation 1 and highlights that it has been implemented.

54. With respect to *recommendation 2*, UNDP notes that a United Nations system-wide policy already exists in the "Security policy manual" (chapter VII, section D, on road safety) dated 31 October 2011. The roll out of the UNDP road safety campaign and training is continuing and UNDP is also actively engaged in the Inter-agency Working Group on Road Safety Strategy, which was created in October 2015 and which is led by United Nations Department of Safety and Security. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

55. With respect to *recommendation 3*, UNDP notes that compliance with UNDP policies and procedures, which includes compliance with safety and security guidance/arrangements, is an intrinsic requirement embedded into the performance reviews of UNDP staff. Hence, unless there is a clearly identified need to do so for some offices/units, explicitly including compliance with safety and security mechanisms in the performance reviews of all staff may not be feasible. A new UNDP policy on performance management and development has been developed and will be in place in early 2017. The policy will make explicit reference to the fact that staff are expected to perform in line with United Nations values, standards of conduct, regulations, rules and policies. Periodic reminders of staff obligations with regard to performance expectations, including compliance with standards, regulations, rules and policies, will be issued, if and as relevant. The reminders will also include language specifically related to security implications. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it is in progress.

56. With respect to *recommendation 5*, UNDP notes that as part of the effort to improve performance of UNDP staff, starting in 2017, all staff with supervisory responsibilities will have a mandatory result related to people management in their annual performance plans. To clarify expectations in terms of good people management, UNDP is preparing, a 'manager checklist' which will include all relevant performance indicators. Safety and security indicators will be also included.

Bearing this in mind, UNDP accepts recommendation 4 and highlights that it is in progress.

II. Review of the acceptance and implementation of Joint Inspection Unit recommendations by the United Nations Development Programme (UNDP) (JIU/MLR/2016/10).

57. The management letter of the Joint Inspection Unit entitled "Review of the acceptance and implementation of Joint Inspection Unit recommendations by the United Nations Development Programme (UNDP)" is a review of the acceptance and implementation of Joint Inspection Unit recommendations by UNDP for the period 2006-2012.

58. Of the recommendations directed to UNDP, UNDP has implemented all relevant and accepted recommendations.

III. Status of UNDP implementation of Joint Inspection Unit recommendations in 2015-2014

59. In accordance with General Assembly resolution 60/258 of 8 May 2006, in which the General Assembly requested the Joint Inspection Unit to enhance dialogue with participating organizations and thereby strengthen the implementation of its recommendations, the implementation status of relevant recommendations contained in reports issued in 2015 and 2014 are reported in annexes III and IV (available on the Executive Board website) to the present report.

60. UNDP has pursued or implemented 80 per cent of the 19 relevant recommendations issued by the Joint Inspection Unit in 2015. Of the 38 relevant recommendations issued in 2014, 84 per cent have been implemented or are being pursued. UNDP is committed to following up on the implementation of the remaining relevant recommendations.